AMENDED IN ASSEMBLY MAY 3, 2005 AMENDED IN ASSEMBLY APRIL 19, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 597

Introduced by Assembly Member Montanez (Coauthor: Assembly Member Hancock)

February 17, 2005

An act to amend Sections 25395.80, 25395.81, 25395.82, 25395.84, 25395.86, and 25395.96 of the Health and Safety Code, and to amend Section 13228.14 of the Water Code, relating to response actions, *and declaring the urgency thereof, to take effect immediately*.

LEGISLATIVE COUNSEL'S DIGEST

AB 597, as amended, Montanez. Response actions: brownfield sites.

(1) Existing law, the California Land Reuse and Revitalization Act of 2004, provides that an innocent landowner, a bona fide purchaser, or a contiguous property owner, as defined, qualifies for immunity from liability for response costs or damage claims with regard to a site in an urban infill area, if the innocent purchaser, bona fide purchaser, or contiguous property owner meets specified conditions. The act defines the term "agency" as meaning the Department of Toxic Substances Control, the State Water Resources Control Board, or a California regional water quality control board.

The act requires a bona fide purchaser, innocent landowner, or contiguous property owner who seeks to qualify for the immunity provided by the act to enter into an agreement with an agency, including the performance of a site assessment, and if the agency determines that a response plan is necessary, the preparation and

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implementation of a response plan. Existing law requires the response plan to include an opportunity for the public, other agencies, and the host jurisdiction to participate in decisions regarding the response action, and requires the regional board, if the regional board is the agency, to provide access to the proposed response plan and site assessment at the regional board for public review.

This bill would revise the public participation procedures that are required to be included in the response plan, including requiring the agency to notify all other appropriate governmental entities and local agencies, including, but not limited to, the department, a regional board, or redevelopment agency, that is not party to the response plan regarding the proposed response action. The bill would require the regional board to provide reasonable public notice in English and other languages commonly spoken in the area, if appropriate, for public review and comment. The bill would also require the regional board to hold a public meeting in the area to receive comments if a public meeting is requested. The bill would require the regional board to consider any comments prior to acting on the response plan and to consider the use of factsheets, electronic copies of the response plan and site assessment, electronic comment forms, and the forming of advisory groups as appropriate to disseminate information and assist the regional board in gathering public input, public notices, and additional public meetings or workshops.

The bill would also require the agency to consider and evaluate any relevant comments to determine if the response plan is appropriate, proper, and adequate, and to consider the issue of environmental justice for communities most impacted, including low-income and racial minority populations.

(2) The act defines the term "applicable law" as meaning certain state statutory and common laws that impose liability on an owner or occupant of property for pollution conditions caused by a release or threatened release of hazardous material on, under, or adjacent to the property.

This bill would make clarifying changes with regard to the use of that term.

(3) Existing law, the Porter-Cologne Water Quality Control Act, requires a regional board to give due notice of any hearing relating to investigating the quality of the waters of the state, prescribing waste discharge requirements, issuing cease and desist orders, requiring the

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cleanup or abatement of waste, or imposing administrative civil liabilities or penalties.

This bill would require the regional board, if a response action is being taken at a site, as defined, to also take specified actions when conducting an investigation before a hearing, including providing notice of the major decisions and proposed or planned activities at the site, providing public access to the proposed site response plans and site assessment documents, providing 30 days to comment on proposed response plans and conducting a public meeting in the vicinity of the site during the public comment period as specified. The bill would require the regional board to consider the use of factsheets, electronic copies of the response plan and site assessment, electronic comment forms, and the forming of advisory groups as appropriate to disseminate information and assist the regional board in gathering public input, direct communication with interested parties, and additional public meetings or workshops, as specified, and to coordinate and integrate its public participation activities with those undertaken by the host jurisdiction and other public entities.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: majority-²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 25395.80 of the Health and Safety Code is amended to read:

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- 25395.80. For purposes of this chapter, to qualify as a bona fide purchaser, innocent landowner, or contiguous property owner a person shall establish, by a preponderance of the evidence, all of the following conditions:
- (a) On or before the date on which the person acquired the site, the person made all appropriate inquiries into the previous ownership and uses of the site.
- (b) The person exercises appropriate care with respect to the release or threatened release of hazardous materials at the site.
- 12 (c) The person provides full cooperation, assistance, and 13 access to a person who is authorized to conduct response actions 14 or natural resource restoration at the site, including the 15 cooperation and any access necessary for the installation,

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integrity, operation, and maintenance of complete or partial response actions or natural resource restoration at the site.

- (d) The person complies with land use controls established or relied on, in connection with an approved response action at the site, and does not impede the effectiveness or integrity of any aspect of any remedy employed at the site in connection with a response action.
- (e) The person complies with all requests for information or an administrative subpoena concerning the release or threatened release of hazardous substances by any agency with jurisdiction under an applicable law.
- (f) The person provides all notices and satisfies reporting requirements required by state or federal law with respect to the discovery or release of hazardous substances at the site.
- SEC. 2 Section 25395.81 of the Health and Safety Code is amended to read:
- 25395.81. (a) Except as provided in Section 25395.85, and except as otherwise provided under this section, a bona fide purchaser, innocent landowner, or contiguous property owner who did not cause or contribute to the release at the site, qualifies for the following immunities:
- (1) The bona fide purchaser, innocent landowner, or contiguous property owner is not liable under any applicable law for a claim made by any person, other than an agency, for response costs or other damages associated with a release or threatened release of a hazardous material at the site characterized in the site assessment conducted pursuant to, or a response plan approved pursuant to, Article 6 (commencing with Section 25395.90).
- (2) An agency shall not take an action under an applicable law to require a bona fide purchaser, innocent landowner, or contiguous property owner to take a response action, other than a response action required in an approved response plan, with respect to the hazardous material release at a site that is characterized in the site assessment conducted pursuant to, or a response plan approved pursuant to Article 6 (commencing with Section 25395.90), unless both of the following conditions apply:
- (A) The conditions on the property pose an endangerment.
- (B) The agency does one of the following:

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(i) Makes all reasonable efforts, including taking appropriate administrative enforcement actions, to compel any necessary response action from other potentially responsible parties, and those efforts have been unsuccessful.

- (ii) Reasonably determines, after the exercise of reasonable inquiry, that no potentially responsible party exists with sufficient financial resources to perform the required response action at the site.
- (b) This section does not modify or limit the existing authority of a state or local agency to impose a condition on the issuance of a discretionary permit relating to the development, use, or occupancy of any site.
- (c) The immunities described in this section shall attach when the bona fide purchaser, innocent landowner, or contiguous property owner enters into an agreement with an agency pursuant to Section 25395.92 and shall remain in effect unless one of the following occurs:
- (1) The bona fide purchaser, innocent landowner, or contiguous property owner receives a written notice of an unapproved, material deviation from the agreement from the agency.
- (2) The bona fide purchaser, innocent landowner, or contiguous property owner or an agency terminates the agreement before a finding of no further action is made pursuant to subdivision (b) of Section 25395.95 or a certificate of completion is issued pursuant to Section 25395.97.
- (d) A person who otherwise qualifies for immunity under this chapter and who commits fraud, intentional nondisclosure, or misrepresentation to an agency with respect to any requirement of this chapter, does not qualify as a bona fide purchaser, innocent landowner, or contiguous property owner.
- (e) This section does not relieve a bona fide purchaser, innocent landowner or contiguous property owner from reporting, disclosure and notification requirements under any applicable law.
- SEC. 3 Section 25395.82 of the Health and Safety Code is amended to read:
- 25395.82. (a) Notwithstanding Sections 25395.69, 25395.70, and 25395.75, on and after the date when the immunity specified in subdivision (c) of Section 25395.81 attaches, the person shall

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remain eligible for immunity if a release of hazardous materials at the site during a response action is de minimis and the agency determines that all necessary response actions to address the release have been taken.

- (b) Notwithstanding Sections 25395.69, 25395.70, and 25395.75, on and after the date when the immunity specified in subdivision (c) of Section 25395.81 attaches, the person shall remain eligible for immunity if either of the following occur:
 - (1) Both of the following conditions are met:
- (A) A release of hazardous materials that poses an unreasonable risk is discovered before the agency makes a finding of no further action pursuant to Section 25395.95 or issues a certificate of completion pursuant to Section 25395.97.
- (B) The release specified in subparagraph (A) is appropriately resolved to the satisfaction of the agency pursuant to paragraph (8) of subdivision (a) of Section 25395.96.
 - (2) All of the following conditions are met:
- (A) A release of hazardous materials that poses an unreasonable risk is discovered after the agency makes a finding of no further action pursuant to Section 25395.95, or issues a certificate of completion pursuant to Section 25395.97.
- (B) The innocent landowner, bona fide purchaser, or contiguous property owner did not cause or contribute to the release.
- (C) The release specified in subparagraph (A) is appropriately resolved to the satisfaction of the agency pursuant to paragraph (8) of subdivision (a) of Section 25395.96.
- (c) Notwithstanding Sections 25395.69, 25395.70, and 25395.75, on and after the date when the immunity specified in subdivision (c) of Section 25395.81 attaches, the person shall remain eligible for immunity obtained pursuant to this chapter with regard to a release that is the subject of a finding of no further action made pursuant to Section 25395.95 or a certificate of completion issued pursuant to Section 25395.97. If the person causes or contributes to a release of a hazardous material, that person shall be responsible for responding to that release in accordance with all applicable laws.
- 38 (d) Notwithstanding Sections 25395.69, 25395.70, and 39 25395.75, on and after the date when the immunity specified in subdivision (c) of Section 25395.81 attaches to a site and a

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release of hazardous materials is discovered on or under the site, a response action shall be conducted at the site in accordance with the following:

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- (1) If the response action is for petroleum related contamination caused predominately by a release from an underground storage tank, the funds in the Underground Storage Tank Cleanup Fund shall, to the extent permissible by law, be used in accordance with Section 25299.51.
- (2) If the response action is for a hazardous materials release not otherwise subject to paragraph (1), and the agency determines the hazardous material release endangers public health or safety, the person who entered into the agreement with the agency shall pay for, or undertake, the response action. If the agency determines the hazardous materials release does not endanger public health or safety, the person who entered into the agreement shall not be required to pay for, or undertake, the response action.
- SEC. 4 Section 25395.84 of the Health and Safety Code is amended to read:
- 25395.84. (a) A court of competent jurisdiction may award reasonable attorneys' fees and experts' fees to a person who initiates a claim under an applicable law for contribution for, or recovery of, response costs incurred for a response action, or for any other response costs incurred at a site, if the person meets all of the following criteria:
- (1) The person is a bona fide purchaser, an innocent landowner, or a contiguous property owner and qualifies for immunity pursuant to this chapter.
 - (2) The person is a prevailing party.
- (3) On or before 20 calendar days prior to the date of the trial on issues relating to the response costs at issue, the person serves on the defendant both of the following:
- (A) If a response plan has been approved for that site pursuant to Article 6 (commencing with Section 25395.90), a copy of the approved response plan.
- (B) A written demand for compensation setting forth the specific sum demanded from the defendant, including a statement of the reasoning supporting the demand. The amount of written demand shall include all response costs sought from the defendant at issue, including all interest, but shall not include

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 litigation expenses, attorneys' fees, and experts' fees. The amount of the demand may include any alleged consequential damages.

- (b) In determining whether to award reasonable attorneys' fees and experts' fees pursuant to this section, a court shall consider the relationship of the amount of the written demand described in subparagraph (B) of paragraph (3) of subdivision (a) to the total sum of the response costs and, if appropriate and included in the demand, the consequential damages in the written demand, to the final determination of the costs and damages by the trier of fact.
- (c) A court may award reasonable attorneys' fees and experts' fees to an agency that is the prevailing party in an action arising out of this chapter.
- SEC. 5 Section 25395.86 of the Health and Safety Code is amended to read:
- 25395.86. (a) This chapter does not provide immunity from any of the following:
 - (1) Liability for bodily injury or wrongful death.
- (2) Any requirement imposed under Chapter 6.5 (commencing with Section 25100), including, but not limited to, corrective action and closure and postclosure requirements.
 - (3) Criminal acts.
 - (4) Permit violations.
- (5) Contractual indemnity agreements between purchasers and sellers of real property.
- (6) New releases of hazardous materials that are caused or contributed to by an innocent landowner, bona fide purchaser, or contiguous property owner.
- (b) This chapter shall not apply as a defense or immunity to any action taken by a redevelopment agency pursuant to Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24.
- (c) This chapter does not limit the authority of an agency to conduct a response action it determines is necessary to protect public health and safety or the environment pursuant to an applicable law.
- (d) This chapter does not preclude a state or local agency that is taking property by eminent domain, negotiating to acquire property in lieu of taking it by eminent domain, or considering the taking of property through the exercise of eminent domain

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authority, from evaluating the impact on the value of the property resulting from a release or threatened release of any hazardous material, from incorporating that evaluation into any offer of compensation for that property, or from presenting that evaluation at a trial or other proceeding to establish the value of the property.

(e) This chapter does not do either of the following:

- (1) Limit a defense to liability that may be available to a person under any other provision of law.
- (2) Impose any new obligation on an owner of real property other than those specifically assumed by the owner under an agreement entered into pursuant to Article 6 (commencing with Section 25395.90).
- SEC. 6. Section 25395.96 of the Health and Safety Code is amended to read:

25395.96. (a) If, upon review of the site assessment prepared pursuant to this article, the agency determines that a response action is necessary to prevent or eliminate an unreasonable risk, the bona fide purchaser, innocent landowner, or contiguous property owner shall submit a response plan to the agency to conduct a response action at the site, in conformance with the agreement entered into pursuant to Section 25395.92. The response plan shall include all of the following:

- (1) (A) An opportunity for the public, other agencies, and the host jurisdiction to participate in decisions regarding the response action, taking into consideration of the nature of the community interest. The agency shall notify all other appropriate governmental entities and local agencies, including, but not limited to, the department, the regional board, or a redevelopment agency, that is not a party to the response plan regarding the proposed response action. The agency shall place a notice of the proposed response plan in the California Regulatory Notice Register, which shall require all comments be forwarded simultaneously to the bona fide purchaser and to the agency.
- (B) If a regional board is the agency, the regional board shall provide reasonable public notice in English and other languages commonly spoken in the area, if appropriate, access to the proposed response plan and site assessment at the regional board and local repositorities, and reasonable opportunity for public review and comment. The regional board shall hold a public

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meeting in the area to receive comments if a public meeting is requested. The regional board shall provide notice on the agenda 3 of the public hearing, and take action on the response plan in a 4 regularly scheduled regional board meeting. The regional board 5 shall consider any comments before acting on the response plan. Depending on the level of community interest, the regional board 6 7 may also consider the use of factsheets, electronic copies of the response plan and site assessment, electronic comment forms, the forming of advisory groups as appropriate to disseminate information and assist the regional board in gathering public 10 input, public notices, and additional public meetings or 11 12 workshops.

- (C) If the department is the agency, the methods for public participation proposed in the response plan shall include reasonable public notice in English and other languages commonly spoken in the area, access to the proposed response plan and site assessment at the agency and local repositories and reasonable opportunity to comment. The department shall hold a public meeting in the area to receive comments if a public meeting is requested. The department shall consider any comments received prior to acting on the response plan. Methods for public participation may also include, but are not limited to, the use of factsheets, public notices, direct notification of interested parties, electronic copies of the response plan and site assessment, electronic comment forms, the forming of advisory groups as appropriate to disseminate information and assist the regional board in gathering public input, public meetings, and an opportunity to comment on the proposed response plan prior to approval.
- (D) The agency shall consider and evaluate any relevant comments received pursuant to subparagraph (A), (B), or (C) to determine if the response plan is appropriate, proper, adequate and in compliance with this chapter and either Chapter 6.8 (commencing with Section 25300) of this code, or Division 7 (commencing with Section 13000) of the Water Code. The agency shall also consider the issue of environmental justice for communities most impacted, including low-income and racial minority populations. For purposes of this subparagraph, "environmental justice" has the same meaning as defined in subdivision (e) of Section 65040.12 of the Government Code.

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(E) To the extent possible, the agency shall coordinate its public participation activities with those undertaken by the host jurisdiction and other agencies associated with the development of the property, to avoid duplication to the extent feasible.

- (F) It is the intent of the Legislature that the public participation process established pursuant to this subdivision ensures full and robust participation of a community affected by this chapter.
- (2) Identification of the release or threatened release that is the subject of the response plan and documentation that the plan is based on an adequate characterization of the site.
- (3) An identification of the response plan objectives and the proposed remedy, and an identification of the reasonably anticipated future land uses of the site and of the current and projected land use and zoning designations. This identification shall include confirmation by the host jurisdiction that the anticipated future land uses and current and projected land uses and zoning designations are accurate.
- (4) A description of activities that will be implemented to control any endangerment that may occur during the response action at the site.
- (5) A description of any land use control that is part of the response action.
- (6) A description of wastes other than hazardous materials at the site and how they will be managed in conjunction with the response action.
- (7) Provisions for the removal of containment or storage vessels and other sources of contamination, including soils and free product, that cause an unreasonable risk.
- (8) Provisions for the agency to require further response actions based on the discovery of hazardous materials that pose an unreasonable risk to human health and safety or the environment that are discovered during the course of the response action or subsequent development of the site.
- (9) Any other information that the agency determines is necessary.
- 37 (b) The agency shall evaluate the adequacy of the plan 38 submitted pursuant to subdivision (a) and shall approve the plan 39 if the agency makes all of the following findings:

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1 (1) The plan contains the information required by subdivision 2 (a).

- (2) When implemented, the plan will place the site in condition that allows it to be used for its reasonably anticipated future land use without unreasonable risk to human health and safety and the environment.
 - (3) The plan addresses any public comments.
- (4) If applicable, the plan provides for long-term operation and maintenance, including land use and engineering controls, that are part of the remedy contained in the response plan.
- (c) (1) On or before 60 days after the date an agency receives a response plan, the agency shall make a written determination that proper completion of the response plan constitutes "appropriate care" for purposes of subdivision (a) of Section 25395.67.
- (2) Upon approval of the response plan by the agency, the agency shall notify all appropriate persons, including the host jurisdiction.
- (d) If the use of the property changes, after a response plan is approved, to a use that requires a higher level of protection, the agency may require the preparation and implementation of a new response plan pursuant to this article.
- (e) The owner of a site shall not make any change in use of a site inconsistent with any land use control recorded for the site, unless the change is approved by the agency in accordance with subdivision (f) of Section 25395.99.
- SEC. 7. Section 13228.14 of the Water Code is amended to read:
- 13228.14. (a) Any hearing or investigation by a regional board relating to investigating the quality of waters of the state, prescribing waste discharge requirements, issuing cease and desist orders, requiring the cleanup or abatement of waste, or imposing administrative civil liabilities or penalties may be conducted by a panel of three or more members of the regional board, but any final action in the matter shall be taken by the regional board. Due notice of any hearing shall be given to all affected persons. After a hearing, the panel shall report its proposed decision and order to the regional board and shall supply a copy to all parties who appeared at the hearing and requested a copy.

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(b) No party who appears before the panel is precluded from appearing before the regional board at any subsequent hearing relating to the matter. Members of the panel are not disqualified from sitting as members of the regional board in deciding the matter.

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- (c) The regional board, after making an independent review of the record and taking additional evidence as may be necessary, may adopt, with or without revision, or reject, the proposed decision and order of the panel.
- (d) (1) If a response action is being taken at a site, the regional board shall also take all of the following actions when conducting an investigation before conducting a hearing pursuant to subdivision (a):
- (A) Provide public notification of the major regional board decisions and the proposed or planned activity regarding the site, including providing notification in languages other than English, if appropriate.
- (B) Provide public access to proposed response plans and site assessment documents at the regional board and at the local repository.
- (C) Provide 30 days to comment on proposed response plans regarding the site. The regional board shall consider any comments received prior to taking final action on any response plan.
- (D) Conduct a public meeting in the vicinity of the site during the public comment period if one is requested, if there is significant public interest, or if one is specifically mandated by statute.
- (E) Depending on the level of community interest, consider the use of factsheets, electronic copies of the response plan and site assessment, direct communication with interested parties, electronic comment forms, the forming of advisory groups as appropriate to disseminate information and assist the regional board in gathering public input, and additional public meetings or workshops.
- (F) To the extent possible, coordinate and integrate regional board public participation activities with those undertaken by the host jurisdiction and all other public entities associated with the development, investigation, or response action at the site, to avoid duplication to the extent feasible, and to acknowledge the

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public participation capabilities and procedures of local government.

- (2) For purposes of this subdivision, the following definitions shall apply:
- (A) "Response action" has the same meaning as defined in Section 25323.3 of the Health and Safety Code.
- (B) "Site" has the same meaning as defined in Section 25395.79.2 of the Health and Safety Code.
- SEC. 8. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:
- into immediate effect. The facts constituting the necessity are:
 In order to provide better opportunities for public participation
 regarding proposed response actions to brownfields, and to
 clarify certain provisions of the California Land Reuse and
 Revitalization Act of 2004, thereby encouraging the cleanup of
- 17 brownfields and protecting public health and safety and the
- 18 environment, it is necessary that this act take effect immediately.